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RECORDATION NO. 25674 FILED

JUN 30 '05

12-50 PM

SURFACE TRANSPORTATION BOARD

lgitomer@dc.bjllp.com

June 30, 2005

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, DC 20423

Dear Secretary Williams:

I have enclosed the original and one certified copy of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Assignment of Lease, a primary document, dated as of June 30, 2005. We request that this document be given the next available Recordation Number.

The names and addresses of the parties to the Memorandum of Assignment of Lease are:

Transferee:

LaSalle National Leasing Corporation  
One West Pennsylvania Avenue, Suite 1000  
Towson, MD 21204

Transferor:

General Electric Railcar Services Corporation  
161 North Clark Street, 7<sup>th</sup> Floor  
Chicago, IL 60601

A description of the equipment covered by the Memorandum of Assignment of Lease consists of 207 gondola cars numbered CTRN 501117-501150, inclusive, 501152-501236, inclusive, 501238-501259, inclusive, 501285-501350, inclusive.

BALL JANIK LLP

Honorable Vernon A. Williams

June 30, 2005

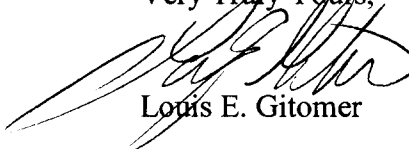
Page 2

A fee of \$ 33.00 is enclosed. Please return the original to:

Louis E. Gitomer  
Of Counsel  
Ball Janik LLP  
Suite 225  
1455 F Street, N.W.  
Washington, DC 20005

A short summary of the document to appear in the index follows: a Memorandum of Assignment of Lease between LaSalle National Leasing Corporation, One West Pennsylvania Avenue, Suite 1000, Towson, MD 21204, and General Electric Railcar Services Corporation, 161 North Clark Street, 7<sup>th</sup> Floor, Chicago, IL 60601, covering 207 gondola cars numbered CTRN 501117-501150, inclusive, 501152-501236, inclusive, 501238-501259, inclusive, 501285-501350, inclusive.

Very Truly Yours,

A handwritten signature in dark ink, appearing to read 'L. Gitomer', is written over the typed name.

Louis E. Gitomer

Enclosures

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MEMORANDUM OF ASSIGNMENT OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF ASSIGNMENT OF LEASE dated as of this 30<sup>th</sup> day of June, 2005, is made by GENERAL ELECTRIC RAILCAR SERVICES CORPORATION, a Delaware corporation, with an address at 161 North Clark Street, 7<sup>th</sup> Floor, Chicago, Illinois 60601 (the "Transferor"), and LASALLE NATIONAL LEASING CORPORATION, a Delaware corporation, with an address at One West Pennsylvania Avenue, Suite 1000, Towson, Maryland 21204 (the "Transferee" and, together with the Transferor, the "Parties").

**KNOW ALL PERSONS BY THESE PRESENTS THAT:**

**WHEREAS**, the Transferor, as lessor, and Union Pacific Railroad Company (the "Lessee"), as lessee, previously entered into that certain Rider No. 3, Car Set #2 dated as of November 1, 2004 (the "Rider") which incorporates by reference the terms and conditions of that certain Car Leasing Agreement No. 8068-01, dated as of February 2, 1996 (the "Agreement", and together with the Rider, the "Lease") between Transferor and Lessee (as successor in interest to Southern Pacific Railroad Company). A copy of the Lease is attached hereto as Schedule 1. Pursuant to the Lease, Transferor leased to Lessee 207 railcars identified on Schedule 2 attached hereto (the "Equipment").

**WHEREAS**, pursuant to an Assignment Agreement dated as of June 30, 2005 between Transferor and Transferee (the "Purchase Agreement"), Transferor agreed to sell the Equipment to Transferee and to assign to Transferee the rights, title, interest and obligations of Transferor in, to and under the (i) Rider and (ii) to the extent related thereto, the Agreement; in each case arising after the date hereof, and Transferee agreed to purchase the Equipment and agreed to such assignment.

**WHEREAS**, the Parties wish to show for the public record the existence of the aforesaid sale and assignment, and the respective interests therein of the Parties.

**NOW, THEREFORE**, to accomplish the foregoing, the Parties are filing this Memorandum of Assignment of Lease with the Surface Transportation Board pursuant to 49 U.S.C. Section 11301(a). In the event of any conflict between the provisions of this Memorandum of Assignment of Lease and the Purchase Agreement, the provisions of the Purchase Agreement shall control.

This Memorandum may be executed in any number of counterparts, each of which shall be an original, all of which when taken together shall constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart.

*[signature page to follow]*

IN WITNESS WHEREOF, each of the undersigned has caused this Memorandum of Assignment of Lease to be executed by a duly authorized officer as of the day and year first above written.

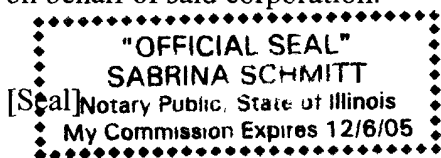
I certify that I hold the title set forth below, that this instrument was signed on behalf of the Transferor by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Transferor. I further declare that the foregoing is true and correct.

**GENERAL ELECTRIC RAILCAR SERVICES  
CORPORATION**

By: James W. Muddy  
Name: James W. Muddy  
Title: Vice President

STATE OF ILLINOIS )  
COUNTY OF COOK ) ss.

On this 27<sup>th</sup> day of June, 2005, before me appeared James W. Muddy the person who signed this instrument, who acknowledged that (s)he is the Vice President of General Electric Railcar Services Corporation and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.




Sabrina Schmitt  
Notary Public

My commission expires:

December 6, 2005

I certify that I hold the title set forth below, that this instrument was signed on behalf of the Transferee by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Transferee. I further declare that the foregoing is true and correct.

**LASALLE NATIONAL LEASING CORPORATION**

By:   
Name: THOMAS M. JASCHIK  
Title: GROUP SENIOR VICE PRESIDENT

STATE OF MARYLAND    )  
  ) ss.  
COUNTY OF BALTIMORE )

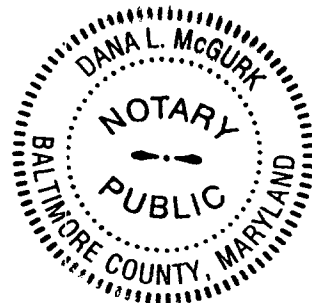
On this 29 day of June, 2005, before me appeared Thomas M. Jaschik, the person who signed this instrument, who acknowledged that (s)he is the Group Senior VP of LASALLE NATIONAL LEASING CORPORATION and that, being duly authorized, (s)he signed such instrument as a free act on behalf of said corporation.

[Seal]

  
Notary Public

My commission expires:

November 1, 2007



**SCHEDULE 1**  
**TO THE MEMORANDUM OF ASSIGNMENT OF LEASE**  
**LEASE**

**GENERAL ELECTRIC RAILCAR SERVICES CORPORATION  
RAIL CAR NET LEASE AGREEMENT 8068-01**

This Agreement dated as of February 2, 1996, by and between GENERAL ELECTRIC RAILCAR SERVICES CORPORATION, a Delaware corporation (herein called "Lessor"), and SOUTHERN PACIFIC TRANSPORTATION COMPANY, with its principal place of business at One Market Plaza, San Francisco, CA 94105 (hereinafter called "Lessee"),

**WITNESSETH:**

1. Lease. Lessor agrees to furnish and lease to Lessee, and Lessee agrees to accept and use upon the terms and conditions herein set forth, the cars covered by the riders attached hereto and such additional riders as may be added hereto from time to time by agreement of the parties, and any and all other cars delivered to and accepted by Lessee. Each such rider shall set forth the number of cars, the specific commodity to be carried therein or thereon, the rental rate, term of use, car numbers, and other pertinent information that may be desired by both parties. All cars leased pursuant to such riders, or otherwise delivered to and accepted by Lessee, are subject to the terms of this Agreement.

2. Delivery and Use. Lessor agrees to deliver the cars to Lessee and Lessee agrees to accept delivery of the cars at a location mutually acceptable to Lessor and Lessee as designated in the applicable rider. Lessor's obligation as to such delivery shall be subject to all delays resulting from causes beyond its reasonable control. None of the cars shall be shipped beyond the boundaries of the United States, Canada or Mexico except with the prior written consent of Lessor. No more than 25% of the cars leased on each rider can be used in Mexico at any given time and not for more than 25% of the time during any given year.

3. Rent. Lessee agrees to pay the rental charges with respect to each of the cars from the date of delivery thereof and until such car is returned to and accepted by Lessor. Such rental charges shall be paid to Lessor at its principal office, 33 West Monroe Street, Chicago, Illinois 60603, in advance on the first day of each month, prorating, however, any period which is less than a full month based upon invoicing prepared by Lessor and delivered to Lessee.

4. Inspection and Acceptance. Each of the cars shall be subject to Lessee's inspection upon delivery to Lessee as evidenced by an executed certificate of acceptance. Failure to report any defect in the car within a reasonable time after delivery of the car (not to exceed 15 days) or the loading of such car by Lessee or at its direction shall constitute acceptance thereof by Lessee, and shall be conclusive evidence of the fit and suitable condition thereof for the purpose of transporting the commodities then and thereafter loaded therein or thereon.

5. Record Keeping. Lessee agrees to promptly furnish Lessor with records, upon request, including dates received, dates accepted, dates loaded and shipped, commodity,

destination, and full junction routing, and other information which Lessee may have and receive from other railroad companies or other sources which may reasonably be required by Lessor.

6. Empty Movement. If Lessor is required to make any payments to another railroad company because of the empty movement of any of the cars while they are in Lessee's service, Lessee agrees to reimburse Lessor for such payments.

7. Maintenance. (a) With respect to car(s), Lessee is designated to perform or cause to be performed maintenance. The Lessee at its own expense will maintain and keep each car (including any parts installed or replacements made to any car and considered an addition hereunder) which is subject to this Agreement (i) in good operating order, repair, appearance and condition, reasonable wear and tear excepted, (ii) in compliance with all laws, rules and regulations applicable where cars are operated, (iii) empty as required to be ready for load, and (iv) acceptable for unrestricted railroad interchange in the hands of the Lessee or Lessor, in accordance with the interchange rules ("Interchange Rules") of the Association of American Railroads ("AAR") and the rules and regulations of the Federal Railway Administration ("FRA"), to the extent such rules are applicable. Except for alterations or changes required by law, the Lessee shall not, without the prior written approval of Lessor (which approval shall not be unreasonably withheld), effect any permanent structural change in the design, construction or body of the cars or appurtenances thereto. Any parts, replacements or additions made to any car are deemed accessions to such car and title thereto shall immediately vest in Lessor. In the event that Lessor performs any repair work for Lessee at Lessee's request at mutually agreed upon rates, all sums due Lessor for such repair work shall be payable upon invoice in addition to the rent hereunder. "Repair Work" is defined as all repairs, maintenance, modifications, additions or replacements required to keep and maintain the cars in good working order and repair in accordance with the Interchange Rules, as amended from time to time, and all preventive maintenance necessary to keep and maintain the cars in good working order and repair. Lessor has the right to inspect the cars at any time during normal business hours to ensure that they are in compliance with AAR regulations, provided that such inspection does not interrupt or delay normal movement of the cars. Lessor shall execute Lessee's standard form of Contract Right of Entry prior to entering upon Lessee's property for purposes of any such inspection.

(b) Lessee agrees that the cars will be used only in accordance with Interchange Rules and applicable industry standards. If any of the cars, or the fittings, appliances or appurtenances thereto, shall be damaged, ordinary wear and tear excepted, or destroyed either as a result of the acts of any of Lessee's or any permitted sublessee's employees, agents or customers or from any commodity or other material loaded therein or thereon or because of such persons' use of any car in violation of this Agreement, Lessee agrees to assume financial responsibility for such damage or destruction.

(c) It is understood that any damage sustained to the car(s) during or at the end of the lease term, beyond normal wear and tear, which may compromise the structural integrity of the underframe and/or superstructure shall be for the account of Lessee.



(d) Notwithstanding anything contained in this Agreement to the contrary, Lessee, at its own expense, shall either replace or reimburse Lessor for the cost of replacing any appliance or removable part on the car when accepted by Lessee, if destroyed, damaged, lost, removed or stolen, unless other railroad companies transporting the car(s) have assumed full responsibility for such loss or damage or such loss or damage results from the gross negligence or wilful misconduct of Lessor, its agents or employees.

(e) Any repairs performed to the cars by Lessee at Lessor's expense shall be at a labor rate not to exceed the prevailing AAR Labor Rate unless a different labor rate is mutually agreed upon in writing by the parties and payable to Lessee as per the terms of invoice. Should the AAR Mechanical Department inspect or investigate Lessee's maintenance facilities and determine that restitution is due owners of equipment repaired at Lessee's facilities, then Lessor shall be entitled to such restitution pursuant to Interchange Rule 120 for all equipment owned or managed by Lessor, including the cars, that were repaired at Lessee's facilities.

(f) Upon thirty (30) days' written notice, Lessee shall deliver or cause to be delivered the cars to a point mutually agreed upon, along Lessee's normal transportation route, for the purpose of complying with any General Car Inspection (as defined below) requirements. Lessor shall also have the right at any reasonable time and without interfering with Lessee's business to perform any other General Car Inspection by its authorized representatives wherever they may be located for the purpose of complying with this Agreement. "General Car Inspections", for the purposes of this Agreement, means those periodic inspections required by AAR which are conducted by Lessor or Lessor's agent in performing Lessor's maintenance obligations hereunder, including FRA Inspections and any other inspections required by other regulatory agencies. "FRA Inspection", for purposes of this Agreement, means any inspection required by the Federal Railroad Administration pursuant to the Federal Railroad Freight Car Safety Standards set forth in Title 49 of the Code of Federal Regulations, Part 215.

8. Damage, Loss or Destruction. In the event any car is totally damaged or destroyed, the rental with respect to such car shall terminate upon receipt by Lessor of reimbursement for such car whether by settlement pursuant to the Association of American Railroads Rules ("AAR") of Interchange ("Interchange Rules") or otherwise. Lessor may, with the consent of Lessee, which shall not be unreasonably withheld, substitute for any such car another car of the same type, quality and capacity and the rental with respect to such substituted car shall commence upon delivery of such substituted car to Lessee.

9. Loss and Damage to Commodity. Lessor shall not be liable for any loss of or damage to commodities, or any part thereof, loaded or shipped in or on the cars, and Lessee agrees to assume financial responsibility for, to indemnify Lessor against, and to save it harmless from any such loss or damage.

10. Indemnifications. Lessee agrees to indemnify and hold Lessor harmless from and against any loss, liability, claim, damage, expense (including without limitation, the reasonable cost of investigating and defending against any claim for damages) fine or penalty arising out

of or in connection with (i) the use of the cars during the term of this Agreement (ii) any present or future applicable law, rule or regulation, including without limitation, common law and environmental law, arising from, asserted in connection with or otherwise related to the release, removal or disposition, whether intentional or unintentional, of any material from or placed in a car during the term of this Agreement (all such losses, claims, damages, expenses, costs, fines and penalties hereinafter called "Claims"); excepting, however, (i) any Claim which accrues with respect to any of the cars, which is attributable to the negligence or willful misconduct of Lessor, its agents or employees; or for which another railroad company or other railroad companies have assumed full responsibility, including investigating and defending against any claim for damages; and (ii) any Claim in the nature of Taxes, whether or not Lessee is required to indemnify therefor under Section 16 or 16A hereof. Lessee's entire obligation with respect to Taxes being fully set forth in such Section 16 and 16A.

11. Lettering and Marking. No lettering or marking of any kind shall be placed upon any of the cars by Lessee except with the prior written consent of Lessor.

12. Load Limit. Lessee agrees not to load any of the cars in excess of the load limit stenciled thereon.

13. Demurrage, Track Storage or Detention Charges. Lessee shall be liable for any demurrage, track storage or detention charge imposed in connection with any of the cars as well as loss of or damage to any car while on any private siding or track or on any private or industrial track or in the custody of any carrier not subject to the Association of American Railroads Rules for Interchange.

14. Transfer or Assignment. Other than in conjunction with a merger or consolidation, Lessee shall make no transfer or assignment of its interest under this Agreement in and to the cars without Lessor's prior written consent, except that Lessee may (i) sublease any of the cars to its customers consistent with its normal merchandising methods or (ii) sublease all of the cars leased hereunder to an affiliate (as defined under the Securities Act of 1933, as amended) of the Lessee, provided that Lessee shall notify Lessor, in writing, within 60 days of such transfer; provided further, however, that notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Agreement. No right, title, or interest in any of the cars shall vest in Lessee by reason of this Agreement or by reason of the delivery to or use by Lessee of the cars, except the right to use the cars in accordance with the terms of this Agreement.

15. Default. If Lessee shall fail to pay when due any rent hereunder after 10 days from the date of notice by Lessor of such failure, or fails to perform or to be diligently pursuing performance after 25 days from the date of notice by Lessor of such failure in the case of all other obligations hereunder, Lessor at its election may either (a) terminate this Agreement immediately and repossess the cars, or (b) withdraw the cars from the service of Lessee and deliver the same, or any thereof, to others upon such terms as Lessor may see fit. If Lessor shall elect to proceed in accordance with the immediately preceding sentence and if Lessor during the balance of the term of this Agreement shall fail to collect for the use of the cars a

sum at least equal to all unpaid rentals hereunder to the stated date of termination hereof plus an amount equal to all expenses of withdrawing the cars from the service of Lessee and collecting the earnings thereof, Lessee agrees to pay from time to time upon demand by Lessor the amount of any such deficiency as supported by the appropriate documentation. It is expressly understood that Lessor at its option may terminate this Agreement in the event that a petition in bankruptcy or a petition for a trustee or receiver be filed by or against Lessee or in the event that Lessee shall make an assignment for the benefit of creditors.

16. Taxes. (a) Lessee agrees to pay and to indemnify or reimburse Lessor for, all license fees and taxes including but not limited to sales, use, gross receipts, property, ad valorem, excise or similar taxes, together with any penalties, fines or interest thereon, imposed against Lessor, the Lessee, the Agreement or the cars or any item thereof by any Federal, state or local government or taxing authority in the United States upon or with respect to state or local government or taxing authority in the United States upon or with respect to the use, operation, possession or storage of the cars by the Lessee or upon or with respect to the rental paid hereunder (all such fees, taxes and penalties, and all interest imposed in connection therewith, being hereinafter called "Taxes"); provided, however, that Lessee's obligation hereunder shall not apply to: (i) any income, franchise or capital Taxes that are on or measured by net or gross income (including but not limited to any minimum or alternative minimum income taxes and any income taxes on or measured by items of tax preference), capital or net worth; (ii) Taxes arising with respect to (1) the purchase or other acquisition of the cars, any item thereof or any component part thereof (including, but not limited to, any Taxes based on or calculated by application to, in whole or in part, the purchase price of the cars), (2) a voluntary sale, assignment, transfer or other disposition of (A) the cars, any item thereof or any interest therein or (B) the Agreement, any Rider or any other related operative document or rights created thereunder, or (3) any sale, assignment, transfer or other disposition of (A) the cars, any item thereof or any interest therein or (B) the Agreement, any Rider or any other related operative document or rights created thereunder in connection with a bankruptcy or similar proceeding involving Lessor; (iii) with respect to each car, Taxes arising prior to the date of Lessee's acceptance of such car; (iv) Taxes related to any car in respect to any period after the expiration or early termination of the rental term applicable to such car; (v) Taxes which arise with respect to the gross negligence or willful misconduct of Lessor; (vi) any interest, penalties or additions to tax arising with respect to a failure by Lessor to file when due any report or return required thereof by any taxing authority or to a failure by Lessor to pay or remit any tax when due; (vii) any Taxes forming the basis of a claim or liability asserted for additional Taxes where Lessor failed to provide to Lessee, in accordance with Section 16(d) hereof, notice or copies of written information where such failure adversely affects the Lessee's ability to initiate or continue a contest of such claim or liability; (viii) Taxes collected by withholding pursuant to Section 1441 or 1442 of the Internal Revenue Code of 1986, as amended (hereinafter the "Code"); (ix) any value added Taxes enacted in lieu of net income taxes or any value added Taxes that are not creditable by Lessee against such value added Taxes owed by Lessee; or, (x) Taxes to the extent based on issues not directly related to the transactions contemplated by the Agreement, the applicable Rider or any other related operative document.

(b) All reports and returns required to be filed with regard to Taxes shall be prepared and filed timely by the party required by the applicable taxing authority to file such reports and returns; provided, however, Lessee shall be responsible for reporting the cars for ad valorem property tax purposes in each applicable state or locality in the United States and the Lessor shall not include the cars in any ad valorem property tax or other similar tax returns filed by it in such states or localities. With respect to its purchase or other acquisition of any car, Lessor shall deliver timely to the manufacturer of such car a properly completed and validly executed resale certificate or other applicable sales or use tax exemption certificate for the applicable state taxing authority. If Lessor, as a prerequisite to delivering such certificates, is required to register with an applicable taxing authority, Lessor shall register timely with that taxing authority.

(c) All payments of Taxes to be made by Lessee pursuant to this Section 16 shall be made no later than the date on which Lessor must pay such Taxes and shall be made directly to Lessor except to the extent paid by Lessee to a governmental taxing authority. Any payment by Lessee to a governmental taxing authority in satisfaction of Taxes for which Lessee has a payment obligation under this Section 16 shall be given full credit against Lessee's obligations hereunder to the extent that such payment discharges Lessor's legal obligation to pay such Taxes.

(d) If any claim is made or liability asserted, by commencement of proceedings against Lessor or otherwise, for any Taxes as to which Lessee may have a payment, reimbursement or indemnification obligation pursuant to this Section 16, Lessor shall notify Lessee of such claim or liability in writing within 10 days of Lessor's receipt of such claim or asserted liability and shall furnish promptly to the Lessee copies of the claim or notice of liability and all other writings received from the applicable taxing authority. Provided there is a reasonable basis, as defined in ABA formal opinion 85-352, for contesting such claim or liability, Lessee may at its expense and without reimbursement from Lessor, in good faith and by appropriate legal or administrative proceedings, contest such asserted claim or liability. Any contest conducted pursuant to this Section 16(d) may be conducted by the Lessee either on its own behalf or, if required by the applicable taxing authority, in Lessor's name on Lessor's behalf. If any such contest is conducted in Lessor's name and on Lessor's behalf, Lessee shall advise Lessor of all action taken or proposed to be taken by the applicable taxing authority and of all action to be taken or proposed to be taken by the applicable taxing authority and of all action to be taken by Lessee, and shall permit Lessor upon request reasonable opportunity to review the contents of all documentation proposed to be submitted. If Lessor reasonably believes that any such documentation is frivolous or fraudulent, then GE shall have the right to require such modifications to the documentation as it shall reasonably deem necessary prior to submittal. Notwithstanding anything to the contrary in Section 16(c) above, any contest conducted pursuant to this Section 16(d) may, in the Lessee's discretion, be conducted by paying the Taxes at issue and seeking a refund of such taxes or by resisting payment of such taxes. Lessor shall cooperate in good faith with Lessee with regard to any contest conducted pursuant to this Section 16(d).

(e) The survival of this indemnity shall continue in full force and effect, notwithstanding the expiration or termination of the Agreement, any applicable Rider or any related operative document.

(f) The provisions of this Section 16 shall be binding upon, inure to the benefit of, and be enforceable by the Lessee, Lessor and their respective successors and assigns.

**16.A. Federal Income Taxes.** (a) Lessee will take no action that would cause any car to be "used predominantly outside the United States" within the meaning of section 168(g)(1)(A) and (4)(B) of the Code. Notwithstanding the proviso set forth in Section 16(a)(i), if as a direct result of Lessee's violation of the restriction set forth in the preceding sentence, it is validly determined that Lessor shall lose, shall not have, shall suffer a disallowance of, or shall not claim depreciation deductions with respect to any car as permitted for "7-year property" pursuant to Section 168(b)(1)(A) of the Code, then Lessee shall pay to the Lessor as an indemnity Federal income taxes, on an after tax basis, directly resulting from such violation taking into account any offsetting Federal income tax savings realized or to be realized by Lessor. At Lessee's election, any indemnification payment under this Section 16A may be made as a lump-sum payment or as an adjustment to rentals due under this Agreement. Lessee shall not be responsible for and shall not indemnify Lessor with respect to any Federal income taxes other than as expressly set forth in this Section 16A.

(b) If the Internal Revenue Service shall propose an adjustment in the income taxes of Lessor in writing for which the Lessee may be required to indemnify Lessor pursuant to Section 16(A)(a), Lessor shall notify Lessee of such proposed adjustment in writing within ten (10) days of its receipt thereof and shall furnish to the Lessee copies of the applicable claim or notice and all other writing received from the Internal Revenue Service. If requested by Lessee in a written request received by Lessor within thirty (30) days after Lessee's receipt of written notice from Lessor pursuant to the preceding sentence, Lessor shall contest the proposed adjustment; provided, however, such contest may only be conducted if there is a reasonable basis, as defined in ABA formal opinion 85-352, for contesting such proposed adjustment. The Lessee shall have the right to participate in such contest, including, without limitation, the right, to the extent permitted by law and only for discussions relating to any adjustment which the Lessor is contesting at the Lessee's request, to attend governmental or judicial conferences concerning such adjustment and the right to review and approve all submissions to any governmental or other authority relating to such adjustment. The Lessor shall not discriminate against any such adjustment as compared with other adjustments involving potential tax liability of the Lessor, and shall not, without Lessee's consent, settle any such adjustment. The Lessor shall keep the Lessee informed and consider suggestions from the Lessee concerning the nature of all action to be taken, including, without limitation, decisions regarding (i) whether any action shall initially be by way of judicial or administrative proceedings, or both, (ii) whether any such matter shall be contested by resisting payment thereof, or by paying the same and seeking refund thereof (provided that Lessee shall be solely responsible for funding any such payment and agrees to do so upon the request of Lessor) and (iii) if the Lessor shall undertake judicial action with respect to such matter, the court or other judicial body before which action shall be commenced. At any time, whether before or after commencing to take any action set forth in

this section, Lessor may decline to take any action with respect to all or any portion of a proposed adjustment by notifying Lessee in writing that Lessee is relieved of its obligation to indemnify Lessor with respect to the portion of the adjustment as to which action was declined.

16.B. Tax Notices. All notices to be sent to Lessee under Section 16 or 16A shall be sent by overnight mail to the following address:

Southern Pacific Transportation Company  
One Market Plaza  
Southern Pacific Building, Room 250  
San Francisco, CA 94105  
Attn: Assistant Vice President and Counsel - Taxes  
Facsimile No. (415) 541-1075

17. Lessor Liens and Encumbrances. It is understood that some of the cars furnished Lessee under this Agreement and Lessor's rights under this Agreement may at the time of delivery to Lessee or at some future time during the term of this Agreement be subject to the terms of a Mortgage, Deed of Trust, Equipment Trust, Lease, Pledge or Assignment or similar security arrangement. Lessee agrees that the cars may be stenciled or marked at Lessor's expense and at Lessee's reasonable convenience to set forth the ownership of any such cars in the name of a mortgagee, trustee, pledgee, assignee or security holder. As to the cars subject hereto, this Agreement and the rentals hereunder may have been assigned and may in the future be assigned to the holder, if any, of the superior lien from time to time on each car as determined with reference to the filings with the Interstate Commerce Commission or its successors; however, until notified to the contrary by any person reasonably proving to the Lessee's satisfaction that he is the assignee of this Agreement or the rentals hereunder, the Lessee is to pay all rentals to the order of Lessor. Lessee hereby consents to and accepts such assignments. Lessee agrees that no claim or defense which Lessee may have against Lessor shall be asserted or enforced against any assignee of this Agreement.

18. Expiration or Other Termination. (a) Upon the termination of each rider, Lessee agrees, subject to the provisions of Section 8 above, to return the cars to Lessor at a point or points mutually agreed to by Lessor and Lessee (i) in the same or as good condition as received, ordinary wear and tear excepted, (ii) free from all charges and liens which may result from any act or default of Lessee, (iii) in a condition which would not otherwise constitute a "cause for attention" as defined in the Field Manual of the AAR, then in effect, (iv) free from any defects as defined under the rules and regulations then promulgated by the FRA and free from any material corrosion and abrasion damage, (v) with no missing parts, (vi) without any Interchange Rule 95 damage, (vii) suitable for loading, transportation and unloading and, if applicable, any outlet gates must be recycled at termination inspection and all door hatch systems must be fully operational and without leaks, (viii) clean, (ix) free from "wrong repairs" as defined in the Interchange Rules and (x) the wheels on each car shall be in serviceable condition and shall average not less than 18/16 in rim thickness.

If any car is not returned to Lessor in the condition required by the immediately preceding sentence, Lessee shall reimburse Lessor for any expense reasonably incurred by Lessor in bringing such car in compliance with such preceding sentence. If a returned car is not clean, Lessor shall have the right to return to Lessee, at Lessee's expense, any material removed from said cars (whether at termination or during the term of each rider). As an alternative, Lessee may, at Lessee's expense, request that Lessor return the cars to Lessee prior to cleaning. It is understood that rental shall continue until such cars are returned to Lessor empty in compliance with this Section 18 at the termination of each rider. It is understood and agreed that Lessee's obligation to pay rental under each rider with respect to each of said cars will be deemed to have terminated on the later of the expiration date of the rider or the date said cars are returned to Lessor in accordance with this Section 18. If any car is not redelivered to Lessor in accordance with this Section 18 within 30 days after the date on which the term ends, Lessee shall pay rental for each day that each car is not delivered as required herein or until each car is delivered in the condition required, at a rate equal to one hundred twenty five percent (125%) for the first 30 days after the initial 30 day grace period, one hundred fifty percent (150%) for the next 30 days, and one hundred seventy five percent (175%) thereafter of the rate in effect just prior to such term's end. Notwithstanding the exception to ordinary wear and tear, if, during the term hereof, any of the cars or any components or appurtenances thereto shall be unduly and materially damaged, destroyed or depreciated in value or condition due to the corrosive or other damaging effect of any substance carried therein or thereon (whether or not such damage was foreseeable), Lessee will reimburse Lessor promptly for such damage, loss or expense suffered by Lessor as a consequence thereof.

(b) Unless Lessor shall be in default hereunder Lessee shall remark each car as directed by Lessor prior to returning such car to Lessor at no cost to Lessor. Remarketing, with respect to each car, shall include the following: (i) removal of existing mandatory markings and all company logos of Lessee; (ii) complete cleaning of the area where new marks are to be placed subsequent to the removal of marking and company logos as designated by Lessor; (iii) application of new mandatory markings and AEI tags, if applicable; and (iv) any transportation involved in moving each car to and from a suitable work area to perform the remarketing set forth in this Section.

19. Storage. At the end of the lease term or renewal thereof, Lessee agrees to store cars on Lessee's lines for 90 days at no cost to Lessor and subsequently to move cars once to a mutually agreed upon interchange point off Lessee's lines.

20. Mandated Modifications. In the event the U.S. Department of Transportation, or any other governmental agency or non-governmental organization having jurisdiction over the operation, safety or use of railroad equipment, requires that Lessor add, modify or in any manner adjust the cars subject to this Agreement in order to qualify them for operation in railroad interchange, Lessee agrees to pay an additional monthly charge of \$1.40 per car for each \$100 expended by Lessor on such car, or such other monthly charge in lieu thereof, as may be provided for Modifications in any rider hereto, in any case effective as of the date the car is released from the shop after application of such additions, modifications or adjustments (hereinafter the "Modifications"). No rental credits will be issued on cars entering the shop for

any Modifications if performed by Lessee. However, should Lessor perform such modifications Lessee shall be entitled to rental credits after car has remained in shop for 30 days. In the event Lessor in its sole discretion determines prior to making any Modifications that the cost thereof is not economical to expend in view of the estimated remaining useful life of such car, and Lessor elects to permanently remove such car from Lessee's service rather than have such car taken to a car shop for such Modifications, the rental with respect to such car shall terminate upon the date specified in writing by Lessor, provided that such date must be prior to the date the Modification is so required to be made.

21. Successors. This Agreement shall be binding upon the parties hereto, their respective successors, permitted assigns and legal representatives, and shall remain in full force and effect from the date hereof until the completion of the leasing arrangement shown on attached riders of the last car's hereunder, and all such car's are returned to Lessor.

22. Financial Information. Lessee will furnish Lessor with, upon Lessor's written request such balance sheets of Lessee, consolidated statements of income and statements of changes in financial position of Lessee, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a consistent basis except as otherwise disclosed, and certified as complete and correct, subject to changes resulting from audit and year-end adjustments, by the principal financial officer of Lessee as requested by Lessor.

23. Governing Law. This Agreement is made and entered into in the State of Illinois and shall be governed by and construed in accordance with the laws of the State of Illinois. The venue of any legal action under this Lease shall be in the State of Illinois.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in two counterparts (each of which shall be deemed an original) the day and year first above written.

LESSOR:

GENERAL ELECTRIC RAILCAR SERVICES  
CORPORATION

By: 

Vice President

LESSEE:

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: 

Its: 



✓

RIDER NO. 3 car set #2

under  
RAIL CAR NET LEASE AGREEMENT 8068-01

This Rider ("Rider") dated November 1, 2004 incorporates by reference Rail Car Net Lease Agreement 8068-01 dated as of February 2, 1996 (the "Master Lease") by and between **Union Pacific Railroad Company**, as successor in interest to Southern Pacific Transportation Company ("Lessee"), and **General Electric Railcar Services Corporation** ("Lessor") and constitutes a separate agreement which, together with all rights under this Rider, may be assigned as security or otherwise. The cars described herein (the "Cars") shall be subject to the terms and conditions of this Rider during the term of use and for the rental set forth below:

<u>Number of Cars</u>	<u>Type of Car</u>	<u>Monthly Rental Per Car</u>	<u>Effective Date</u>	<u>Maturity Date</u>
Two Hundred Seven (207) (see Exhibit 1)	Thrall-built 52'6" interior length, 5'6" interior height mill gondolas		12/1/2004	3/31/2014

\* Monthly Rental Per Car is in US Dollars

The term of the lease hereunder with respect to the Cars shall be effective on the effective date specified in the table above (the "Effective Date"), and shall continue for each Car through the maturity date specified in the table above. Lessee has been leasing the Cars from Lessor pursuant to Rider No. 2 under the Master Lease between Lessor and Lessee (the "Past Rider"). Effective from and after the Effective Date, neither Lessor nor Lessee shall have any further obligation under the Past Rider with respect to the Cars, including without limitation Lessee's obligations to continue to pay rent and to return the Cars as provided therein; provided, that nothing herein shall waive any obligation to pay rent or otherwise of either party hereto accruing with respect to the period prior to the Effective Date, including without limitation Lessee's obligation thereunder to indemnify with respect to events prior to the Effective Date. Lessee acknowledges and accepts delivery of the Cars and waives any right it may have under this Rider to reject the Cars.

To the extent required by DOT and AAR standards, Lessee shall not use the Cars to transport or store substances, materials or goods which the Cars are not designed to accept.

Lessee shall be responsible for maintenance of the Cars in accordance with Section 7 of the Master Lease.

Rental shall commence upon acceptance and delivery as noted above and shall continue to March 31, 2014. Lessee shall have options to early terminate this Rider as provided in the following schedule and in "A". To effect any one of the termination options provided in "A", Lessee must provide Lessor with written notice on or before dates provided in "C". It is understood that for any date as provided in "C" which is a Saturday or Sunday, the final date of notification shall be the next business day. Lessee shall pay Lessor the appropriate penalty fee as provided in "D" thirty (30) days prior to the termination date as provided in "B".

<u>"A"</u>	<u>"B"</u>	<u>"C"</u>	<u>"D"</u>
Termination <u>Option</u>	Lease Termination <u>Date</u>	Final Date of Notification to <u>Exercise Option</u>	<u>Per Car Penalty</u>
120 Months	March 31, 2006	October 31, 2005	
180 Months	March 31, 2011	October 31, 2010	

It is understood that Lessee has the option to purchase all, but not less than all, of the Cars under this Rider, on March 31, 2014, at the then fair market value ("FMV"), as agreed to by Lessor and Lessee. Such purchase shall be on an "AS-IS, WHERE-IS" basis.

It is further understood that Lessee has the option to renew the Cars under this Rider at the fair market rental in effect on March 31, 2014.

Not more than 180 days and not less than 120 days prior to the lease termination date, Lessor shall notify Lessee as to Lessor's determination of FMV. To the extent Lessor and Lessee do not agree on the FMV by 90 days prior to the lease termination date, an independent appraiser (agreed upon by Lessor and Lessee) shall establish the FMV. After such appraiser has made his determination, Lessee shall have until 60 days prior to the lease termination date to advise Lessor of its decision to purchase, renew or release.

Accepted on behalf of:

**Union Pacific Railroad Company**

By: Karen A. Watson

Name: Karen A. Watson

Title: General Director-  
Mechanical Purchasing

Accepted on behalf of:

**General Electric Railcar Services Corporation**

By: Mark Stefani

Name: Mark Stefani

Title: Vice President

**Exhibit 1**  
**Car List**

CTRN 501117	CTRN 501170	CTRN 501222	CTRN 501300
CTRN 501118	CTRN 501171	CTRN 501223	CTRN 501301
CTRN 501119	CTRN 501172	CTRN 501224	CTRN 501302
CTRN 501120	CTRN 501173	CTRN 501225	CTRN 501303
CTRN 501121	CTRN 501174	CTRN 501226	CTRN 501304
CTRN 501122	CTRN 501175	CTRN 501227	CTRN 501305
CTRN 501123	CTRN 501176	CTRN 501228	CTRN 501306
CTRN 501124	CTRN 501177	CTRN 501229	CTRN 501307
CTRN 501125	CTRN 501178	CTRN 501230	CTRN 501308
CTRN 501126	CTRN 501179	CTRN 501231	CTRN 501309
CTRN 501127	CTRN 501180	CTRN 501232	CTRN 501310
CTRN 501128	CTRN 501181	CTRN 501233	CTRN 501311
CTRN 501129	CTRN 501182	CTRN 501234	CTRN 501312
CTRN 501130	CTRN 501183	CTRN 501235	CTRN 501313
CTRN 501131	CTRN 501184	CTRN 501236	CTRN 501314
CTRN 501132	CTRN 501185	CTRN 501238	CTRN 501315
CTRN 501133	CTRN 501186	CTRN 501239	CTRN 501316
CTRN 501134	CTRN 501187	CTRN 501240	CTRN 501317
CTRN 501135	CTRN 501188	CTRN 501241	CTRN 501318
CTRN 501136	CTRN 501189	CTRN 501242	CTRN 501319
CTRN 501137	CTRN 501190	CTRN 501243	CTRN 501320
CTRN 501138	CTRN 501191	CTRN 501244	CTRN 501321
CTRN 501139	CTRN 501192	CTRN 501245	CTRN 501322
CTRN 501140	CTRN 501193	CTRN 501246	CTRN 501323
CTRN 501141	CTRN 501194	CTRN 501247	CTRN 501324
CTRN 501142	CTRN 501195	CTRN 501248	CTRN 501325
CTRN 501143	CTRN 501196	CTRN 501249	CTRN 501326
CTRN 501144	CTRN 501197	CTRN 501250	CTRN 501327
CTRN 501145	CTRN 501198	CTRN 501251	CTRN 501328
CTRN 501146	CTRN 501199	CTRN 501252	CTRN 501329
CTRN 501147	CTRN 501200	CTRN 501253	CTRN 501330
CTRN 501148	CTRN 501201	CTRN 501254	CTRN 501331
CTRN 501149	CTRN 501202	CTRN 501255	CTRN 501332
CTRN 501150	CTRN 501203	CTRN 501256	CTRN 501333
CTRN 501152	CTRN 501204	CTRN 501257	CTRN 501334
CTRN 501153	CTRN 501205	CTRN 501258	CTRN 501335
CTRN 501154	CTRN 501206	CTRN 501259	CTRN 501336
CTRN 501155	CTRN 501207	CTRN 501285	CTRN 501337
CTRN 501156	CTRN 501208	CTRN 501286	CTRN 501338
CTRN 501157	CTRN 501209	CTRN 501287	CTRN 501339
CTRN 501158	CTRN 501210	CTRN 501288	CTRN 501340
CTRN 501159	CTRN 501211	CTRN 501289	CTRN 501341
CTRN 501160	CTRN 501212	CTRN 501290	CTRN 501342
CTRN 501161	CTRN 501213	CTRN 501291	CTRN 501343
CTRN 501162	CTRN 501214	CTRN 501292	CTRN 501344
CTRN 501163	CTRN 501215	CTRN 501293	CTRN 501345
CTRN 501164	CTRN 501216	CTRN 501294	CTRN 501346
CTRN 501165	CTRN 501217	CTRN 501295	CTRN 501347
CTRN 501166	CTRN 501218	CTRN 501296	CTRN 501348
CTRN 501167	CTRN 501219	CTRN 501297	CTRN 501349
CTRN 501168	CTRN 501220	CTRN 501298	CTRN 501350
CTRN 501169	CTRN 501221	CTRN 501299	

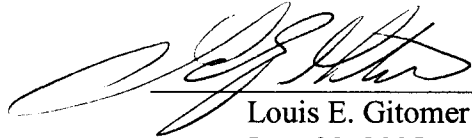
**SCHEDULE 2**  
**TO THE MEMORANDUM OF ASSIGNMENT OF LEASE**

**EQUIPMENT**

207 gondola cars numbered CTRN 501117-501150, inclusive, 501152-501236, inclusive, 501238-501259, inclusive, 501285-501350, inclusive.

# CERTIFICATION

I, Louis E. Gitomer, have compared this copy to the original Memorandum of Assignment of Lease dated as of June 30, 2005, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read 'L. E. Gitomer', is written over a horizontal line.

Louis E. Gitomer  
June 30, 2005